

FY2022 Full-Year Consolidated Financial Results [Japan GAAP] (April 1, 2022 through March 31, 2023)

May 9, 2023

Company Name	: ANEST IWATA Corporation
Stock Exchanges on Which the Shares Are Listed	: Tokyo Stock Exchange in Japan
Code Number	: 6381
URL	: https://www.anestiwata-corp.com
Representative	: Shinichi Fukase, President, Representative Director and Chief Executive Officer
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Scheduled Date of Ordinary General Shareholders' Meeting	: June 23, 2023
Scheduled Payment Date of Cash Dividends	: June 26, 2023
Scheduled Filing Date of Annual Securities Report	: June 23, 2023
Supplemental Materials Prepared for Financial Results	: Yes
Holding of Financial Results Meeting	: Yes (for analysts and institutional investors)

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2022 (April 1, 2022 through March 31, 2023)

(1) Consolidated Financial Results (% figures represent year-on-year increase or decrease)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2022	48,515	14.6	5,838	22.1	7,043	26.4	4,381	23.7
FY2021	42,337	19.0	4,780	38.8	5,572	31.0	3,541	35.0

(Note) Comprehensive Income: FY2022 7,064 million yen (up 19.7%), FY2021 5,900 million yen (up 83.0%)

	Basic Earnings per Share	Diluted Earnings per Share	Return of Equity	Return of Asset	Operating Profit on Sales
	Yen	Yen	%	%	%
FY2022	108.25	—	11.6	12.1	12.0
FY2021	86.32	—	10.4	10.6	11.3

(Reference) Equity in Income of Affiliates: FY2022 523 million yen, FY2021 359 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of March 31, 2023	60,136	45,255	66.6	988.09
As of March 31, 2022	55,818	40,210	63.8	876.20

(Reference) Equity Capital: As of March 31, 2023 40,025 million yen, As of March 31, 2022 35,623 million yen

(3) Consolidated Cash Flow

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
FY2022	4,329	(3,323)	(2,357)	12,080
FY2021	3,889	(1,078)	(2,103)	12,916

2. Cash Dividends

	Annual Cash Dividends per Share					Total Amount of Cash Dividends	Dividends Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
FY2021	—	13.00	—	17.00	30.00	1,230	34.8	3.6
FY2022	—	16.00	—	22.00	38.00	1,544	35.1	4.1
FY2023 (forecast)	—	17.00	—	23.00	40.00		36.9	

3. Forecast of Consolidated Results for FY2023 (April 1, 2023 through March 31, 2024)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Half-Year	25,700	13.6	2,780	18.8	3,240	4.6	2,000	1.3	49.21
Full-Year	51,800	6.8	6,100	4.5	7,100,000	0.8	4,407	0.6	108.44

* Notes

(1) Changes in significant subsidiaries (or changes in specified subsidiaries that affect the scope of consolidation) during the period under review: None

New: — (Company name:) Excluded: — (Company name:)

(2) Change in accounting policy, change in accounting estimates and restatements

(i) Change in accounting policy due to the revision of accounting standards, etc. : None

(ii) Change in accounting policy for other reasons : None

(iii) Change in accounting estimates : None

(iv) Restatements : None

(3) Number of shares issued (common share)

(i) Number of shares issued (including treasury shares) at the period-end	As of March 31, 2023	41,745,505 shares	As of March 31, 2022	41,745,505 shares
(ii) Number of treasury shares at the period-end	As of March 31, 2023	1,278,572 shares	As of March 31, 2022	1,089,092 shares
(iii) Average number of shares outstanding in the period	FY2022	40,479,053 shares	FY2021	41,028,335 shares

(Note) We have introduced the performance-based stock compensation plan, "Board Benefit Trust (BBT)," since FY2019. Accordingly, in the calculation of the basic earnings per share, the Company shares owned by the Trust are included in the treasury shares, which are deducted in the calculation of the number of treasury shares at the period-end and the average number of shares outstanding in the period.

(Reference) Non-consolidated financial results

Non-consolidated results in FY2022 (April 1, 2022 through March 31, 2023)

(1) Non-consolidated Financial Results (% figures represent year-on-year increase or decrease)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2022	24,770	8.6	2,641	9.0	4,288	17.0	3,356	22.0
FY2021	22,806	8.8	2,423	27.0	3,666	23.7	2,751	(25.8)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
FY2022	82.92	—
FY2021	67.06	—

(2) Non-consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	Million Yen	Million Yen	%	Yen
As of March 31, 2023	38,806	31,198	31,198	31,198	80.4	770.96
As of March 31, 2022	37,842	29,190	29,190	29,190	77.1	717.99

(Reference) Equity Capital: As of March 31, 2023 31,198 million yen, As of March 31, 2022 29,190 million yen

* These financial results are not subject to audits by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see (1) Explanation for results of operations and financial condition" on page 2 of Attachment.

Note: This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.

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1. Analysis of results of operations and financial condition

(1) Explanation for results of operations and financial condition

(i) Overview and results of operations

In the current consolidated fiscal year, despite the suppression of soaring energy prices due to warm winter in Europe and the lifting of China's zero-COVID policy, the global business sentiment remained stagnant due to rising interest rates and high inflation rate in U.S. and Europe and activity restrictions in China prior to its policy shift. The Japanese economy continued to lack strength as high prices and deterioration in external demand continued to put downward pressure. On the other hand, an improved business confidence encouraged by factors such as recovery of inbound tourism consumption and expectations for its progress led to an increased appetite for capital investment.

Under such circumstances, our business performance for the current consolidated fiscal year is as follows: sales stood at 48,515 million yen (up 14.6% from the previous consolidated fiscal year), operating profit at 5,838 million yen (up 22.1%), ordinary profit at 7,043 million yen (up 26.4%), and profit attributable to owners of parent at 4,381 million yen (up 23.7%). From these results, the ROE in the current consolidated fiscal year stood at 11.6% (up 1.2 points), and the equity ratio improved by 2.8 points to 66.6%.

(Reference values) Results of each division

(Amount: million yen)

Division	(Product category)	Fiscal year ended March 31, 2023			
		Consolidated net sales	(Change from the previous fiscal year)	Consolidated operating profit	(Change from the previous fiscal year)
Air Energy Division		29,349	17.3%	3,269	30.1%
	Air Compressors	26,983	17.6%		
	Vacuum Equipment	2,366	14.6%		
Coating Division		19,165	10.6%	2,569	13.3%
	Coating Equipment	16,512	14.3%		
	Coating Systems	2,652	(7.6%)		
Total		48,515	14.6%	5,838	22.1%

(Note) The consolidated operating profit of each division is calculated with our Group's unique standard.

(ii) Results of operations by segment

Results of operations by regional segment, which our group adopts, are as described below. The classification of report segments has changed from the consolidated first quarter of this fiscal year. For details, refer to (Segment information, etc.) in "5. Consolidated financial statements and main notes - (5) Notes on consolidated financial statements."

Japan

Sales stood at 25,154 million yen (up 9.5% from the previous consolidated fiscal year) and segment income stood at 3,519 million yen (up 6.5%).

In the air compressor field, demand for general-purpose air compressors grew with the increase in capital investment towards the end of the fiscal year. Sales of oil-free air compressors for medical use also increased.

In the vacuum equipment field, sales of vacuum pumps for semiconductor manufacturing-related equipment decreased as the semiconductor market, which had been expanding rapidly, entered an adjustment phase.

In the coating equipment field, the orders for environmental equipment increased and overall sales grew as a result of the normalization of economic activity and improvement in the will to invest, in addition to the strong demand for spray guns.

In the coating system field, sales grew due to completion of deliveries of large-sale projects, including coating systems for automobile component manufacturing.

Europe

Sales stood at 7,505 million yen (up 24.3% from the previous consolidated fiscal year) and segment income stood at 504 million yen (up 9.4%).

In the air compressor field, sales of oil-free air compressors, including those for cow milking equipment, remained strong. We are also focusing on cultivating new customers for air compressors for specific markets and strengthening our relationships with agencies.

In the coating equipment field, our marketing strategy has been successful and the demand continues to grow for new spray guns for car repair market, which were launched during the consolidated second quarter of the current term.

Americas

Sales stood at 6,257 million yen (up 16.2% from the previous consolidated fiscal year) and segment income stood at 640 million yen (up 9.8%).

In the air compressor field, sales of air compressors for in-vehicle use increased in North and South America, while the sales

of medical air compressors increased in Brazil.

In the vacuum equipment field, sales of vacuum pumps for lithium-ion battery manufacturing equipment and research facilities in the U.S. remained strong.

In the coating equipment field, even though the sales of airbrushes in the U.S. returned to the same level as before the stay-at-home demand, the overall sales remained strong due to progress in customer development for coating equipment in the industrial coating market.

China

Sales stood at 11,164 million yen (up 13.1% from the previous consolidated fiscal year) and segment income stood at 815 million yen (up 52.5%). The increase in income was mainly due to the increase in sales of air compressors.

In the air compressor field, the sales of Shanghai Screw Compressor Co., Ltd. which has favorable exports and the sales of air compressors for lithium-ion battery manufacturing-related equipment continued to be steady.

In the vacuum equipment field, sales of vacuum pumps for semiconductor, LED and lithium-ion battery manufacturing-related equipment increased.

In the coating equipment field, though the speed of recovery was slow due to the impact of Zero COVID policy, which restricted sales activities, sales increased year-on-year.

In the coating system field, sales decreased year-on-year as a reaction to large-scale equipment delivered in the previous consolidated fiscal year.

Other

Sales stood at 9,406 million yen (up 20.6% from the previous consolidated fiscal year) and segment income stood at 1,467 million yen (up 34.3%). The increase in income was mainly due to increased sales of our flagship air compressors in India and coating equipment in Southeast Asia.

In the air compressor field, sales of air compressors for general purposes and specific markets in India remained strong throughout the year. In Southeast Asia, we made progress in cultivating sales channels for general-purpose air compressors; and the sales of medical air compressors also grew.

In the coating equipment field, sales of spray guns for the car repair market increased in Southeast Asia, thanks to the activities of the global technical team consisting of several engineers from Europe, the Americas and Japan.

(iii) Analysis of financial condition

For assets, our current assets stood at 36,773 million yen (up 7.1% from the previous consolidated fiscal year). This was mainly due to an increase of 1,097 million yen in "Notes and accounts receivable-trade." Our non-current assets stood at 23,367 million yen (up 8.7%). This was mainly due to increases of 903 million yen in "Buildings and structures" and 934 million yen in "Investment securities." As a result, our total assets stood at 60,136 million yen (up 7.7%).

For liabilities, our current liabilities stood at 11,719 million yen (up 0.9%). This was mainly due to an increase of 130 million yen in "Notes and accounts payable-trade." Our non-current liabilities stood at 3,161 million yen (down 20.8%). This was mainly due to a decrease of 1,043 million yen in "Retirement benefit liability" as a result of the establishment of a retirement benefit trust. As a result, our total liabilities stood at 14,881 million yen (down 4.7%).

Our net assets stood at 42,255 million yen (up 12.5%). This was mainly due to an increase of 3,037 million yen in "Retained earnings." Our equity capital, which is calculated by subtracting the non-controlling interests from the net assets, stood at 40,025 million yen, increasing our equity ratio by 2.8 percentage points to 66.6%, from 63.8% at the end of the previous consolidated fiscal year.

(iv) Cash flow

Cash and cash equivalents (referred to as "funds" in the remainder of this document) for the current consolidated fiscal year decreased by 835 million yen from the end of the previous consolidated fiscal year, to 12,080 million yen (down 6.5%) at the end of the current consolidated fiscal year. Each cash flow in the current consolidated fiscal year, as well as the causes, is as described below.

1) Cash flows from operating activities

As a result of operating activities, the fund balance shows earnings of 4,329 million yen (up 11.3%), with an increase of 439 million yen from the end of the previous consolidated fiscal year, mainly due to an increase of 1,549 million in "Profit before income taxes" and an increase of 1,780 million yen in earnings because of fluctuations in "Decrease (increase) in inventories."

2) Cash flows from investing activities

As a result of investing activities, the fund balance shows expenses of 3,323 million yen (up 208.1%), with an increase of 2,244 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 980 million yen in " Proceeds from sale of property, plant and equipment " due to the intensification of capital investment in Fukushima Factory, etc.

3) Cash flows from financing activities

As a result of financing activities, the fund balance shows expenses of 2,357 million yen (up 12.1%), with an increase of 254 million yen in expenses from the end of the previous consolidated fiscal year, mainly due to an increase of 312 million yen in " Dividends paid."

Trends in the cash flow indexes for corporate groups are as described below.

(Reference) Changes in cash flow related indexes

	March 2020	March 2021	March 2022	March 2023
Equity ratio (%)	64.6	65.2	63.8	66.5
Market-base equity ratio (%)	90.9	86.2	60.7	67.8
Cash flow-to-interest-bearing liabilities ratio (%)	63.7	53.6	62.1	61.7
Interest coverage ratio	52.5	72.8	67.2	73.7

(Note) 1. To calculate each index, the following formula is used.

Equity ratio: $\text{Equity capital} / \text{Total assets}$

Market-base equity ratio: $\text{Market capitalization} / \text{Total assets}$

Cash flow-to-interest-bearing liabilities ratio: $\text{Interest-bearing liabilities} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payments}$

2. Each index is calculated with financial values on a consolidated basis.

3. Market capitalization is calculated as follows: Closing share price at year end x Number of shares issued at year end.

4. As the operating cash flow, the net cash provided by operating activities in the consolidated cash flow statement is used. Interest-bearing liabilities are all interest-bearing liabilities that are posted to the consolidated balance sheet. For interest payments, those in the consolidated cash flow statement are used.

(v) Prospects for the upcoming year

In the next consolidated fiscal year, it is expected that uncertainty will still continue in the world economy, due to, for example, high level of inflation, ongoing monetary tightening and increasing geopolitical risks.

In such a management environment, our Group will develop innovative technologies and products by accurately capturing market needs, further increase quality, and enhance the efficiency of production under the new midterm management plan. In addition, we will continue IT and other investments for becoming a 100-year-old company.

At present, the expected results of our operations for the full-year fiscal period ending in March 2024 are such that sales will stand at 51,800 million yen (up 6.8% from the current consolidated fiscal year), operating profit will be 6,100 million yen (up 4.5%), ordinary profit will be 7,100 million yen (up 0.8%), and profit attributable to owners of parent will be 4,407 million yen (up 0.6%). The assumed exchange rates are 136.00 yen to the dollar, 142.00 yen to the euro, and 19.15 yen to the yuan.

(2) Basic policy for profit allocation and current and next-term dividends

(i) Basic policy

Our Group would like to enhance our corporate value and meet shareholder expectations by actively injecting money into the development of human resources, research and development, production capacity increase, production rationalization, M&A, etc. and improving our consolidated financial results from a mid- and long-term perspective. For the dividend, therefore, except in cases where sudden fluctuations occur in financial results or financial position, the range of the profit attributable to owners of parent in the consolidated results and a consolidated dividend payout ratio of 35% are used as guidelines.

(ii) Current dividend

The common dividend paid at the end of the current term will be 22 yen per share. Combined with the dividend of 16 yen per share at the end of the second quarter, this will translate into an annual dividend per share of 38 yen. The dividend at the end of the current term will be decided at the ordinary general shareholders' meeting of our Company, scheduled for June 23.

(iii) Dividend for next term

At this point, we plan to set the dividend to be paid at the end of the second quarter to 17 yen per share and the year-end dividend to 23 yen per share, giving an annual dividend per share of 40 yen.

(3) Risks of businesses, etc.

The major risks recognized by the management to have a significant impact on our corporate value, financial condition, results of operations, and cash flow of our Group (referred to collectively as "results of operations, etc." in the remainder of this document) are as described below.

Matters related to the future appearing in this text have been judged as of the last day of the current consolidated fiscal year, and may be influenced by the economic conditions in and out of Japan, and the risks of businesses, etc. are not limited to the ones described below.

(i) Risks related to business activities

1) Changes in business environment

Since its foundation, our Group has contributed to Monozukuri in the world by supplying products such as coating equipment and air compressors, as well as services incidental to them, to the markets. As a result, the overseas sales ratio has become predominant, so that, while the flows of human resources, products and services, and funds diversify, the rate at which we are affected by the rapidly changing business environment is ever increasing.

For this reason, if we stay with the existing markets, products, business models, and so on, we may not be able to achieve sustained growth due to, for example, decreasing demand for current products attributable to market structure changes. This may have a significant impact on the results of operations, etc. of our Group.

In expanding global businesses, the sales, material procurement, and other transactions in our Group include foreign currency dominated transactions, so that any unexpected, sudden currency exchange fluctuations can also affect the results of operations, etc. of our Group.

To prevent such a risk, we need to develop new businesses and create pillar businesses, while continuing the constant efforts to improve quality in our existing business as well as developing products that will help solve social issues such as climate change through Monozukuri from a global perspective. To that end, we will cultivate a corporate culture to dauntlessly take on challenges with no fear of failure, and at the same time, promote a change of mindset and behavior in all employees and collaborate with various outside companies. Our Group will aim to further reinforce inter-group company exchanges and information collection, endeavor to determine market needs, and identify the importance of the needs in each country and market first and then create a system and establish management strategies so that we can accommodate changes in business environment in a flexible and prompt manner. In addition, to secure a system for supplying products stably even if a demand increase or a logistics cost increase occurs, we endeavor to reinforce the supply chain by, for example, purchasing from multiple suppliers and reviewing the logistics network.

If we ever get into a situation where we cannot achieve sustained growth, adversely affecting our results of operations, etc., we will immediately discuss through the Board of Directors and the Management Conference, for example, to turn around the business strategy.

2) Product quality

If any product not meeting the quality standard is supplied to the market, with any defect being overlooked in the procurement, processing, assembly, etc. of products, causing damage attributable to the defect, the loss arising from compensation, the handling of complaints, product recovery, product replacement, etc. will cost a great deal of money and, at the same time, we may lose customers' trust on products, which may have a significant adverse impact on the results of operations, etc. of our Group.

Thus, in order to prevent such situations from happening, our Group complies with the necessary rules, such as raw material standards and product standards, and the quality assurance division intervenes by taking an objective view right from the initial stages of product development to eliminate potential issues. Furthermore, by preparing an appropriate quality control system on production sites not only in Japan but also overseas by the use of, for example, techniques for promoting ISO9001, our Group ensures product quality that meets the market needs and quality standards in the respective countries.

If any contingency occurs, this will be immediately reported to the Board of Directors and the Management Conference of our Company and, at the same time, the quality assurance division will promptly take the necessary measures including recalls.

3) Business expansion with M&As

In order to accelerate the reinforcement of our business foundation and ensure sustained growth, our Group actively promotes comprehensive business tie-ups with partners, including capital tie-ups with, and acquisitions of, companies that we recognize are necessary.

If we lose customers' trust in a specific sales area due to a failure to smoothly proceed with the sharing of the future direction or we fail to obtain the initially anticipated effect or benefit, resulting in the poor results of operations of the target company or if we fail to maintain the expected profitability, causing the real value to decrease remarkably, this may have a significant impact on the results of operations, etc. of our Group.

In M&As, therefore, we have clarified the items to confirm, and we conduct M&As after going through the advance, careful examination of risks and returns, as well as the financial conditions, contractual relationships, etc. of the target company, and due diligence to judge whether sufficient synergetic effect can be obtained. In addition, we conduct PMI appropriately and ensure that the management and the business division in charge provide management assistance in an effort to prevent such risks from occurring.

If such a risk occurs for an inevitable reason, we will promptly proceed with management decisions by, for example, deciding whether the contract can be continued and determining losses.

4) Damage to corporate value due to an act of hostile large-scale purchase of Company shares

Our Group, as a listed company, upholds the free trade of Company shares. We, therefore, do not flatly deny acts of large-scale purchase of Company shares as long as they benefit corporate value and the common interests of shareholders. Nevertheless, large-scale purchases of shares include quite a few that could damage corporate value and the common interest of shareholders remarkably judging from their purposes, etc. and that could practically compel shareholders to sell their shares. In the event of such an act, this could have a significant impact on the results of operations, etc. of our Group and greatly damage sustainable growth due to business split and transfer. For this reason, we have introduced a "policy for dealing with acts of large-scale purchase of Company shares (takeover defense measures)" for the purpose of protecting corporate value and the common interests of shareholders and securing the time necessary for shareholders to judge appropriately whether to accept the purchase offer. This policy is intended to secure the common interests of shareholders under the conditions that the policy is placed before an ordinary general shareholders' meeting and approved every year.

(ii) Risks related to human resources

1) Securing human resources

Our Group recognizes that it is vital to secure and train human resources that have diverse personalities and abilities to achieve sustained growth and accommodate market environment changes. In Japan, therefore, in line with the principle of

hiring all employees as full-time employees, our Group conducts recruiting activities throughout the year.

However, if we continue to stick to our existing hiring strategies, as well as the training policy and the personnel evaluation system for hired human resources, without making any improvements based on changes in business environment and so on, we may not be able to secure sufficient human resources toward future sustained growth, stagnating business activities and making sustained growth impossible.

For this reason, under legal labor management, we will focus on the development of human resources for placing the right people at the right place, the preparation of diversity management with the creation of a personnel evaluation system from a global viewpoint, intensification of hiring multinational human resources, and education of evaluators, among others. In addition, we will work on the effective use of labor force to accelerate operational reforms by promoting the automation and digitization of various business operations.

2) Enhancing organizational performance through health management

We recognize that in order to improve the organizational performance and competitive spirit of our Group, it is essential to maintain and improve the health of each and every employee who supports business development. We appoint the President and Chief Executive Officer as the Chief Health Officer (CHO) and work on various health management measures under the "Health Management Declaration." If such initiatives are brought to a halt or reduced and the expected effects are not achieved, it may result in an increase in health risks and deterioration of working environment, and adversely affect the business performance. With the aim to be the "top White 500 company in the machinery sector", we have taken sincere efforts to secure a work-life balance and improve health literacy within the Group; and have been highly evaluated and recognized by the Ministry of Economy, Trade and Commerce and the Tokyo Stock Exchange as a "Health and Productivity Management Brand 2023" for the second consecutive year. As a development-oriented company full of vigor and novelty, we will continue our efforts to establish a corporate culture with maximum emphasis on team work and creativity.

3) Labor issues

A majority of the employees of our Group are locally hired people on overseas sites.

Under the circumstances in which a way of working suitable for social situation and labor environment in each country is demanded, labor issues regarding the working conditions, etc. may be raised between us and organizations in and out of the country, such as labor unions. If any labor dispute occurs and cannot be settled promptly, the stability and continuity of business operations will be impaired. If the dispute becomes serious, this will have a significant impact on the supply of products, and we may lose the trust of our customers, thereby adversely affecting our enterprise value and business performance.

Thus, through the promotion of the spread of "ANEST IWATA Corporate Philosophy," with our corporate policy, "Makotono kokoro" (Trustworthy & Sincere), at the core, we improve our employees' sense of belonging to our Group and, at the same time, grant powers to the representatives on overseas sites in accordance with the employment conditions and evaluation system suited for the systems and realities in their respective countries, based on the administrative authority of the representatives on overseas sites, thereby endeavoring to prevent dissatisfaction with the working conditions and the labor environment.

(iii) Risks related to IT

1) IT investment

We consider that to steadily promote the reinforcement of competitiveness in global expansion, it is vital to change our business model, develop high-value-added products, and improve business efficiency by introducing IT, in which constant innovations are under way.

If the execution of an IT strategy stagnates because of the loss of knowledge or know-how about IT from the Company due to a contingency or if there occurs a delay in the development of a product that matches the latest IT trend, this may adversely affect results of operations, etc. because of declining competition in the market or impaired management efficiency.

Thus, in combination with a management plan, our Group formulates mid- to long-term IT strategies and regards IT investment as a key element for driving corporate growth and, at the same time, continually verifies the contribution to corporate growth. If such a risk occurs, we will start active personnel employment, as well as partnerships with new partner companies and, at the same time, rebuild our management foundation by depreciating obsolete IT assets.

2) Information security

To promote business activities in a stable and sustainable manner, the importance of maintaining the safety and reliability of an information system is ever increasing. Our Group exercises strict control over confidential information related to technology development and sales that are acquired in the process of expanding business activities, as well as personal information.

If information leakage, falsification, or a system fault occurs due to a natural disaster, unexpected cyberattack, unauthorized access attributable to the entry of a computer virus, etc. or if information is leaked by an employee intentionally or negligently and such information is misused, this may adversely affect the results of operations, etc. because we need to bear liability for compensation.

Thus, our Group prepares an appropriate information security system to take necessary and sufficient security measures such as acquiring appropriate backups of important data and, at the same time, conducts education for employees.

If such a risk occurs, we will create a system to promptly determine the cause and the details and take appropriate measures and, at the same time, disclose information about the damage, if necessary, thereby endeavoring to minimize secondary

damage and restore trust.

(iv) Risks related to laws and regulations, etc.

1) Conformance to regulations and standards about the earth's environment and climate change

Amid increasing global awareness of the earth's environment and climate change, Japan and other countries have a tendency to establish new environmental laws and regulations and tighten existing ones. If there occurs a delay in putting products that comply with such regulations, this may cause the business activities to be restricted and revenue opportunities to be lost, adversely affecting the business and the results of operation of our Group.

The details of such regulations differ depending on the country or area, and we proceed with the preparation of systems by, for example, transferring the necessary functions, so that the local subsidiaries located in each country can collect information and meet regulations. If, for example, laws and regulations are revised unexpectedly and are further tightened in the future, we will judge whether to further invest in the relevant items or withdraw from them by considering whether meeting the laws and regulations is economically reasonable.

We also recognize the importance of information disclosure based on the framework of the TCFD (Task Force on Climate-related Financial Disclosures), and will make the necessary efforts, mainly at the Sustainability and CSR Committee, so as to implement appropriate information disclosure.

2) Fraudulent acts by violating laws and regulations, etc.

In recent years, an increasing number of misconduct cases, etc. by companies have been reported. If such an act should be committed in our Group, this may have a short-term impact on the results of operations, etc. due to compensation. Not only that, but we may get into a situation in which the corporate value of our Group worsens over an extended period of time or the existence of our Group as companies is threatened because, for example, the sales activities and the recruitment activities are hindered by remarkable damage to the trust in our Group.

For this reason, our Group creates systems and structures for ensuring that officers and employees commit no fraudulent acts and promotes healthy management assistance for Group companies and, at the same time, establishes a whistle-blowing system including overseas subsidiaries and creates a monitoring system for conducting audits with Audit and Supervisory Committee members and the internal audit division, thereby endeavoring to prevent acts of violating laws and regulations, etc.

We have a system in place whereby if such an incident occurs, this can be promptly reported to our Board of Directors and we can take measures such as researching with third parties, disclosing facts, and punishing the relevant people properly, develop recurrence prevention measures, and promptly disclose them.

3) Intelligent property

Our Group aims to become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services to customers all over the world. As a result, we run the risk of having a third party imitate any of the products, technologies, business models, and so on that our Group reserves at present or will develop in the future or of infringing on any of the intelligent property rights, patent rights, and trademark rights of third parties unintentionally. In that case, results of operations, etc. of our Group may be adversely affected because, for example, costs are incurred due to damage compensation or a lawsuit or we are unable to use the technology itself or are obliged to use it in an unfavorable manner.

For this reason, our Group will acquire intelligent property rights, patent rights, and trademark rights related to the functions and designs of products and reinforce their management and, at the same time, create a system whereby our Group is not impacted by infringement or minimizes the impact, while receiving cooperation from outside organizations concerned.

4) International tax affairs

Our Group possesses subsidiaries in major areas in the world, expanding business activities globally. In inter-group company transactions, we take meticulous care to the risks of international tax affairs by, for example, endeavoring to adhere to transfer price taxation and other regulations to set appropriate transaction prices. If any finding is received from tax authorities due to a difference of view, this will incur additional taxes, etc. and may adversely affect the results of operations, etc. of our Group.

Our Group will endeavor to prevent differences of view from tax authorities by understanding law correctly, while focusing on the developments of international financial affairs and receiving cooperation from outside organizations.

5) Accounting of impairment loss, etc. of non-current assets

Appropriate accounting of impairment loss, etc. of non-current assets requires a business plan that appropriately estimates a future cash flow. As mentioned in 3) of (1), our Group makes investment in subsidiaries, etc. actively, including M&As. To make the following accounting decisions, in particular, an appropriate business plan for each subsidiary, etc. is necessary.

- Judgment on the impairment loss on shares, etc. of affiliates in our individual financial statements
- Judgment on the impairment loss on non-current assets of subsidiaries, etc., which is used as basic data for consolidated financial statements
- Calculation of the years of depreciation when posting goodwill in consolidated financial statements and judgment on impairment loss

We understand that if the business plan at the points of these judgments is not an appropriate one, we run the risk of losing the trust in us remarkably because that means that inappropriate accounting has been performed as a consequence.

For this reason, in establishing the business plan for each subsidiary, etc., the business division and account division of us, the supervising company, are actively involved. Such business plans are reported to the Board of Directors, of which independent directors, who are knowledgeable about management and accounting, account for a majority, to seek their guidance and supervision. With such transparent procedures, the appropriateness of the business plans is ensured.

(v) Other risks

1) Unexpected events

Our Group expands business operations to various countries in the world. If, in any of these countries and areas, an unpredictable political or economic change is made, a geopolitical risk becomes tangible resulting in an act of war or terror due to the rise of hegemony, an infectious disease spreads, or a natural disaster such as a large-scale earthquake and typhoon occurs, this may have an immense impact on the supply of products to various parts of the world because of damaged offices, the stagnation of raw material procurement and logistics, and so on. If such a situation is prolonged or if the measures for the increasing possibility of such a situation are not sufficient, this will increase the possibility of having a significant adverse impact on the results of operations, etc. of our Group because of the impairment of non-current assets, decreased profitability, etc.

In addition to making a BCP, our Group endeavors to make our business activities resilient by establishing a supply system that minimizes the impact of the above events by, for example, distributing product functions and exploring the possibility of inter-group product procurement, and by promptly and appropriately determining the management environment surrounding our Group.

2. Conditions of the corporate group

Our Group, consisting of our Company, 32 subsidiaries, and 2 affiliates, manufactures and sells air compressors, vacuum equipment, and coating equipment/systems exclusively, and is in a single business configuration because of similarities in product market, product use, and so on. The positioning of our Company, subsidiaries, and affiliates in the business configuration is as shown in the diagram below.

The classification of report segments has changed from the consolidated first quarter of this fiscal year. For details, refer to (Segment information, etc.) in "5. Consolidated financial statements and main notes - (5) Notes on consolidated financial statements."

Name Companies with an * are specified subsidiaries.	Description of the main business
Our Company [Japan] ANEST IWATA Corporation	Manufacture and sale of air compressors, vacuum equipment, coating equipment, and coating systems
Consolidated subsidiaries	
[Japan]	
A&C Service Corporation	Sale, repair, and incidental work of air compressors, vacuum equipment, coating equipment, and coating systems
[Europe]	
ANEST IWATA Deutschland GmbH	Sale of coating equipment
ANEST IWATA Europe GmbH	Manufacture and sale of air compressors; and sale of vacuum equipment
HARDER & STEENBECK GmbH & Co. KG	Manufacture and sale of coating equipment
ANEST IWATA STRATEGIC CENTER S.r.l.	Manufacture and sale of coating equipment
ANEST IWATA Italia S.r.l.	Sale of coating equipment
ANEST IWATA France S.A.	Sale of air compressors and coating equipment
ANEST IWATA (U.K.) Ltd.	Sale of coating equipment
Anest Iwata Scandinavia AB	Sale of coating equipment
ANEST IWATA Iberica, S.L.U.	Sale of coating equipment
ANEST IWATA Polska Sp.z o.o.	Sale of coating equipment
ANEST IWATA RUS LLC	Sale of coating equipment
[Americas]	
ANEST IWATA USA, Inc.	Sale of coating equipment; and manufacture and sale of coating systems
ANEST Iwata-Medea, Inc.	Manufacture and sale of coating equipment
ANEST IWATA AIR ENGINEERING, Inc.	Manufacture and sale of air compressors and vacuum equipment
ANEST IWATA Mexico, S. de R.L. de C.V.	Sale of air compressors, coating equipment, and coating systems
AIRZAP-ANEST IWATA INDUSTRIA E COMERCIO LTDA.	Manufacture and sale of air compressors and vacuum equipment; and sale of coating equipment
[China]	
ANEST IWATA INDUSTRIAL MACHINERY (JIAXING) Co.,Ltd	Manufacture and sale of coating equipment and coating systems
ANEST IWATA (SHANGHAI) Corporation	Sale of coating equipment and coating systems
ANEST IWATA FEELER Corporation*	Manufacture and sale of air compressors; and sale of vacuum equipment
SHANGHAI SCREW COMPRESSOR Co., Ltd.*	Manufacture and sale of air compressors
SHANGHAI GLOBE SCREW TECHNOLOGY Co., Ltd	Manufacture and sale of air compressors
[Other]	
ANEST IWATA Taiwan Corporation*	Sale of air compressors and vacuum equipment; and manufacture and sale of coating equipment
ANEST IWATA SPARMAX Co., Ltd.	Manufacture and sale of air compressors and coating equipment
ANEST IWATA MOTHERSON Pvt. Ltd.*	Manufacture and sale of air compressors
ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd.	Manufacture and sale of coating equipment and coating systems
ANEST IWATA SOUTHEAST ASIA Co., Ltd.	Manufacture and sale of air compressors, vacuum equipment, coating equipment, and coating systems
ANEST IWATA Korea Corp.	Manufacture and sale of air compressors and vacuum equipment; and sale of coating equipment
ANEST IWATA VIETNAM Co., Ltd.	Sale of air compressors, coating equipment, and coating systems
PT. ANEST IWATA INDONESIA	Sale of air compressors, vacuum equipment, coating equipment, and coating Systems
ANEST IWATA Australia Pty. Ltd.*	Sale of air compressors and coating equipment
ANEST IWATA South Africa (Pty) Ltd.	Sale of coating equipment
Affiliates (equity method applied)	
ADVANCE RIKEN Inc.	Manufacture and sale of oxygen, nitrogen, and ozone gas generators
Powerex-Iwata Air Technology, Inc.	Manufacture and sale of air compressors and vacuum equipment

(Note) (Change in subsidiaries and affiliates)

- ANEST IWATA (DONGGUAN) Corporation in China has been liquidated.

3. Management policy

(1) Basic policy for corporate management

Part of the mission of our Group is that officers and employees work together as one to sincerely provide attractive products and services that meet customer needs with appropriate levels of quality at appropriate prices with the spirit of founding - "Makotono kokoro" (Trustworthy & Sincere), which is part of our corporate policy.

We aim to become a "True World-Class Company" that creates innovative technologies and products by accurately understanding market needs and achieving unexplored solutions.

(2) Targeted management index

We shall strive to maintain and improve a return on equity (ROE) of not less than 10% as an appropriate indicator that the ANEST IWATA Group has a solid financial base that enables it to invest and take risks for sustained growth.

(3) Mid- to long-term corporate management strategies

Our Group has established the "Management Vision," described below, toward a "100-year-old company."

- become a development-oriented company full of vigor and novelty that is capable of providing high-performance, high-quality products and services in a sincere manner from the customer's point of view;
- shift from enhancement-based product development focused on cost cutting and internal core technologies to become a flexible company that collaborates with many different businesses based on an accurate understanding of market needs; and
- aim to become a "True World-Class Company" where all employees of the Group work as one in order to maximize customer satisfaction and constantly create innovative technologies and products for achieving the world's No. 1 position.

(4) Issues that the Company should address

In the upcoming consolidated fiscal year, based on the current mid-term business plan, we will realize the establishment of a powerful management foundation that will not be affected by various uncertainties, including the soaring purchase prices of energy, raw materials and other items, and geopolitical risks. We regard market overseas as the main battlefield for business expansion, and we will formulate growth strategies to suit the characteristics of the individual areas individually and proceed with the effective use of management resources, involving all Group companies, despite increasing global uncertainty.

In such a management environment, our Group will intensify multilateral investments to secure sustainable growth. We will develop new businesses to create new needs and increase human investments and development investments to foster a variety of human resources that can promote global expansion, aiming to become a "true development-oriented company" that can inspire all customers beyond our 100th anniversary.

- Addressing of social issues in business promotion

In air energy business, we will continue to contribute to the reduction of CO₂ emissions by further promoting the oil-free scroll air compressors first developed and launched by our Company to improve energy efficiency and achieve energy savings. In addition, we will increase the sales ratio of oil-free machines, with the aim to reduce the environmental burden of CO₂ emissions released during the production of industrial lubricants.

In coating business, in order to reduce the emissions of volatile organic compounds (VOCs) generated during the coating process, we will continue to pursue coating technologies and focus on developing coating equipment and facilities to suppress the energy costs during coating, drying and transportation, as much as possible. We also plan to promote indium mirror coating system, which is low-cost, environment-friendly and can produce highly precise, uniform thin films. This will be a good alternative to plating, which has a high environmental impact in terms of wastewater treatment, and evaporation, which is expensive to implement.

- Optimization of the supply chain

We establish a BCP for each supplier to avoid the supply chain from being severed due to any of the various uncertainties. For parts that require special materials, processing and treatment, and for centralized production in a single country overseas, we assist suppliers in the conditions of transactions and promote the addition of suppliers and production sites.

We have proceeded with the reform of the production plan with an aim to improve the production efficiency and stabilize the supply chain for some time. We will promote this reform more powerfully to achieve stable production and product supply.

- Operational reforms for reinforcing the relationship and contact with customers

To accommodate the situation in which the business environment changes greatly with the rapid progress of IT, we will establish a contact optimum for customers in the world and promote the penetration and reinforcement of the brand by creating an environment in which information about products and services can be easily accessed from a variety of digital routes. In addition, we will further reinforce the development of products meeting diversifying needs through the creation of an environment that can connect to customers digitally.

- Revitalization of the organization by maintaining the health of employees and their families

We recognize that in order for our Group to contribute to the realization of an affluent society that can achieve sustainable growth, it is an indispensable element to maintain and improve the health of employees and their families. We appoint President, Representative Director and Chief Executive Officer as CHO (Chief Health Officer), so that the Health Management Promotion Committee can work together with related departments to tackle with work style reform toward improving health literacy and securing a work-life balance.

In the current consolidated fiscal year, a series of our activities were highly evaluated and we were recognized as an "Outstanding Health and Productivity Management Organization 2023 (White 500)" by the Ministry of Economy, Trade and Industry and the NIPPON KENKO KAIGI for the third consecutive year and as a "Health and Productivity Management Brand 2023" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the second consecutive year. We will continue effort to improve the health of employees and their families in the future, with an aim to be the "top White 500 company in the machinery sector."

4. Basic concept on choice of accounting standards

Considering the comparability of periods of consolidated financial statements and the comparability of statements among companies, our Group has a policy to prepare consolidated financial statements in accordance with the Japanese standards for the time being.

Regarding the application of IFRS, we have a policy to appropriately cope with this while considering the situations in and outside of Japan.

5. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Amount: thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	*1 14,319,597	*1 14,512,347
Notes and accounts receivable-trade	8,004,883	9,102,141
Merchandise and finished goods	6,326,762	6,842,557
Work in process	1,280,101	1,261,128
Raw materials and supplies	3,222,945	3,740,027
Other	1,434,802	1,693,067
Allowance for doubtful accounts	(262,772)	(377,928)
Total current assets	34,326,320	36,773,341
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 11,594,241	*1 12,497,282
Accumulated depreciation	(6,400,816)	(6,906,804)
Buildings and structures, net	5,193,424	5,590,477
Machinery, equipment and vehicles	8,053,829	8,647,052
Accumulated depreciation	(5,922,278)	(6,398,508)
Machinery, equipment and vehicles, net	2,131,551	2,248,544
Land	*1 2,212,639	*1 2,335,817
Leased assets	2,551,325	3,014,132
Accumulated depreciation	(1,340,667)	(1,591,610)
Leased assets, net	1,210,657	1,422,522
Construction in progress	167,018	237,169
Other	2,909,447	3,132,694
Accumulated depreciation	(2,376,208)	(2,506,045)
Other, net	533,239	626,648
Total property, plant and equipment	11,448,530	12,461,179
Intangible assets		
Goodwill	981,998	757,052
Software	670,050	879,746
Other	1,654,647	1,568,191
Total intangible assets	3,306,695	3,204,990
Investments and other assets		
Investment securities	*2 4,530,045	*2 5,464,595
Deferred tax assets	1,211,958	1,191,393
Retirement benefit asset	717,208	683,581
Other	288,503	368,152
Allowance for doubtful accounts	(10,725)	(10,725)
Total investments and other assets	6,736,991	7,696,997
Total non-current assets	21,492,217	23,363,168
Total assets	55,818,537	60,136,510

(Amount: thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	*1 5,225,044	*1 5,355,758
Short-term borrowings	*1,*3 856,923	*1,*3 908,407
Current portion of long-term borrowings	10,305	—
Lease liabilities	254,526	283,766
Income taxes payable	902,879	888,720
Provision for bonuses	751,950	844,981
Provision for bonuses for directors (and other officers)	80,299	83,570
Provision for product warranties	256,356	185,374
Other	3,277,995	3,169,232
Total current liabilities	11,616,282	11,719,814
Non-current liabilities		
Long-term borrowings	*1,*3 283,845	*1,*3 275,086
Lease liabilities	1,011,814	1,204,081
Deferred tax liabilities	229,445	205,640
Retirement benefit liability	2,231,837	1,188,604
Provision for share awards for directors (and other officers)	136,788	181,618
Other	98,519	106,212
Total non-current liabilities	3,992,250	3,161,243
Total liabilities	15,608,532	14,881,057
Net assets		
Shareholders' equity		
Share capital	3,354,353	3,354,353
Capital surplus	1,008,864	1,008,864
Retained earnings	31,245,575	34,282,931
Treasury shares	(1,025,936)	(1,179,543)
Total shareholders' equity	34,582,856	37,466,606
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	378,134	527,154
Foreign currency translation adjustment	679,490	2,034,941
Remeasurements of defined benefit plans	(17,285)	(3,162)
Total accumulated other comprehensive income	1,040,339	2,558,933
Non-controlling interests	4,586,809	5,229,913
Total net assets	40,210,005	45,255,453
Total liabilities and net assets	55,818,537	60,136,510

(2) Consolidated profit and loss statement and consolidated statement of comprehensive income

Consolidated profit and loss statement

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	42,337,011	48,515,155
Cost of sales	*1 24,109,236	*1 27,178,106
Gross profit	18,227,774	21,337,049
Selling, general and administrative expenses		
Sales commission	346,834	489,250
Packing and transportation costs	918,251	1,019,919
Remuneration, salaries and allowances for directors (and other officers)	5,116,694	5,444,283
Provision for bonuses	448,463	543,001
Provision for bonuses for directors (and other officers)	80,299	83,570
Provision for share awards for directors (and other officers)	53,746	53,221
Retirement benefit expenses	229,251	192,053
Welfare expenses	1,124,247	1,281,884
Rent expenses	502,100	556,112
Provision for product warranties	201,271	175,707
Provision of allowance for doubtful accounts	4,957	139,478
Commission expenses	1,358,888	1,549,547
Other	3,062,556	3,970,823
Total selling, general and administrative expenses	13,447,564	15,498,854
Operating profit	4,780,210	5,838,194
Non-operating income		
Interest income	60,856	78,125
Dividend income	65,404	61,059
Foreign exchange gains	231,773	464,900
Share of profit of entities accounted for using equity method	359,389	523,632
Other	174,625	185,665
Total non-operating income	892,049	1,313,382
Non-operating expenses		
Interest expenses	57,856	58,715
Commitment line commission	10,514	9,275
Other	31,600	40,051
Total non-operating expenses	99,970	108,042
Ordinary profit	5,572,289	7,043,534

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	* ³ 3,180	* ³ 9,212
Gain on sale of investment securities	11,950	—
Gain on liquidation of subsidiaries	—	* ⁴ 56,510
Total extraordinary income	15,131	65,722
Extraordinary losses		
Loss on valuation of investments in capital	34,427	—
Loss on sale of non-current assets	* ⁵ 406	* ⁵ 1,427
Loss on retirement of non-current assets	* ⁶ 10,887	* ⁶ 16,356
Total extraordinary losses	45,721	17,783
Profit before income taxes	5,541,699	7,091,474
Income taxes - current	1,639,721	1,890,071
Income taxes - deferred	(246,729)	(68,349)
Total income taxes	1,392,992	1,821,722
Profit	4,148,706	5,269,751
Profit attributable to non-controlling interests	607,310	887,916
Profit attributable to owners of parent	3,541,395	4,381,835

Consolidated statement of comprehensive income

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	4,148,706	5,269,751
Other comprehensive income		
Valuation difference on available-for-sale securities	(35,977)	149,019
Foreign currency translation adjustment	1,511,028	1,316,363
Remeasurements of defined benefit plans	84,949	14,122
Share of other comprehensive income of entities accounted for using equity method	191,976	315,173
Total other comprehensive income	* 1,751,977	* 1,794,679
Comprehensive income	5,900,684	7,064,431
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,783,570	5,900,428
Comprehensive income attributable to non-controlling interests	1,117,113	1,164,002

(3) Consolidated statement of changes in shareholders' equity

Fiscal year ended March 31, 2022

(Amount: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,354,353	1,017,080	28,758,216	(685,266)	32,444,383
Cumulative effects of changes in accounting policies			(22,583)		(22,583)
Restated balance	3,354,353	1,017,080	28,735,633	(685,266)	32,421,800
Changes during period					
Dividends of surplus			(1,031,454)		(1,031,454)
Profit attributable to owners of parent			3,541,395		3,541,395
Purchase of treasury shares				(340,669)	(340,669)
Disposal of treasury shares by stocks payment trust					—
Change in ownership interest of parent due to transactions with non-controlling interests		(8,216)			(8,216)
Net changes in items other than shareholders' equity					
Total changes during period	—	(8,216)	2,509,941	(340,669)	2,161,055
Balance at end of period	3,354,353	1,008,864	31,245,575	(1,025,936)	34,582,856

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	414,112	(513,712)	(102,234)	(201,835)	3,891,353	36,133,902
Cumulative effects of changes in accounting policies						(22,583)
Restated balance	414,112	(513,712)	(102,234)	(201,835)	3,891,353	36,111,319
Changes during period						
Dividends of surplus						(1,031,454)
Profit attributable to owners of parent						3,541,395
Purchase of treasury shares						(340,669)
Disposal of treasury shares by stocks payment trust						—
Change in ownership interest of parent due to transactions with non-controlling interests						(8,216)
Net changes in items other than shareholders' equity	(35,977)	1,193,203	84,949	1,242,174	695,455	1,937,630
Total changes during period	(35,977)	1,193,203	84,949	1,242,174	695,455	4,098,685
Balance at end of period	378,134	679,490	(17,285)	1,040,339	4,586,809	40,210,005

Fiscal year ended March 31, 2023

(Amount: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,354,353	1,008,864	31,245,575	(1,025,936)	34,582,856
Cumulative effects of changes in accounting policies					—
Restated balance	3,354,353	1,008,864	31,245,575	(1,025,936)	34,582,856
Changes during period					
Dividends of surplus			(1,344,478)		(1,344,478)
Profit attributable to owners of parent			4,381,835		4,381,835
Purchase of treasury shares				(159,398)	(159,398)
Disposal of treasury shares by stocks payment trust				5,791	5,791
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,037,356	(153,607)	2,883,749
Balance at end of period	3,354,353	1,008,864	34,282,931	(1,179,543)	37,466,606

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	378,134	679,490	(17,285)	1,040,339	4,586,809	40,210,005
Cumulative effects of changes in accounting policies						—
Restated balance	378,134	679,490	(17,285)	1,040,339	4,586,809	40,210,005
Changes during period						
Dividends of surplus						(1,344,478)
Profit attributable to owners of parent						4,381,835
Purchase of treasury shares						(159,398)
Disposal of treasury shares by stocks payment trust						5,791
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes in items other than shareholders' equity	149,019	1,355,451	14,122	1,518,593	643,104	2,161,698
Total changes during period	149,019	1,355,451	14,122	1,518,593	643,104	5,045,447
Balance at end of period	527,154	2,034,941	(3,162)	2,558,933	5,229,913	45,255,453

(4) Consolidated cash flow statement

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,541,699	7,091,474
Depreciation	1,510,082	1,789,487
Amortization of goodwill	254,676	286,438
Increase (decrease) in allowance for doubtful accounts	(4,363)	101,248
Increase (decrease) in provision for bonuses	24,859	100,784
Increase (decrease) in provision for product warranties	30,909	(71,299)
Increase (decrease) in retirement benefit liability	167,982	27,256
Decrease (increase) in retirement benefit asset	(30,154)	(25,984)
Contribution to retirement benefit trust	—	(1,000,000)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,045)	3,271
Increase (decrease) in provision for share awards for directors (and other officers)	53,746	44,830
Interest and dividend income	(126,260)	(139,185)
Interest expenses	57,856	58,715
Share of loss (profit) of entities accounted for using equity method	(197,181)	(306,428)
Loss (gain) on sale and retirement of non-current assets	8,113	8,571
Loss (gain) on liquidation of subsidiaries	—	(56,510)
Subsidies for employment adjustment	(11,679)	(1,927)
Loss (gain) on sale of investment securities	(11,950)	—
Loss on valuation of investments in capital	34,427	—
Decrease (increase) in trade receivables	(931,656)	(645,704)
Decrease (increase) in inventories	(2,118,889)	(338,745)
Increase (decrease) in trade payables	519,575	(407,122)
Other	376,958	(368,278)
Subtotal	5,147,703	6,150,890
Interest and dividends received	126,634	140,459
Interest paid	(57,856)	(58,715)
Subsidy income received	46,636	19,787
Income taxes paid	(1,373,175)	(1,923,251)
Net cash provided by (used in) operating activities	3,889,943	4,329,170
Cash flows from investing activities		
Payments into time deposits	(1,580,741)	(3,723,921)
Proceeds from withdrawal of time deposits	1,515,568	2,687,937
Purchase of property, plant and equipment	(867,034)	(1,847,382)
Proceeds from sales of property, plant and equipment	15,956	23,571
Purchase of intangible assets	(568,024)	(325,605)
Purchase of investment securities	(202)	(300,000)
Proceeds from sale of investment securities	284,212	—
Proceeds from redemption of investment securities	299,992	200,000
Loan advances	—	(12,931)
Proceeds from collection of loans receivable	11,098	11,028
Payments for acquisition of businesses	(150,975)	—
Other	(38,658)	(36,334)
Net cash provided by (used in) investing activities	(1,078,808)	(3,323,636)

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(52,940)	(9,630)
Repayments of lease liabilities	(256,464)	(288,249)
Proceeds from long-term borrowings	54,309	—
Repayments of long-term borrowings	(39,372)	(35,258)
Purchase of treasury shares	(340,669)	(159,398)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	1	—
Dividends paid	(1,031,461)	(1,344,197)
Dividends paid to non-controlling interests	(436,693)	(520,897)
Net cash provided by (used in) financing activities	(2,103,291)	(2,357,633)
Effect of exchange rate change on cash and cash equivalents	565,759	516,247
Net increase (decrease) in cash and cash equivalents	1,273,602	(835,851)
Cash and cash equivalents at beginning of period	11,643,240	12,916,842
Cash and cash equivalents at end of period	* 12,916,842	* 12,080,990

(5) Notes on consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Basic, important matters for preparing consolidated financial statements)

1 Matters concerning the scope of consolidation

(a) Number of consolidated subsidiaries: 32

The consolidated subsidiary, ANEST IWATA (DONGGUAN) Corporation, has been excluded from the scope of consolidation in the current consolidated fiscal year because of the liquidation of the company.

(b) Number of main non-consolidated subsidiaries: 0

2 Matters concerning the application of the equity method

(a) Number of non-consolidated subsidiaries to which the equity method is applied: 0

(b) Number of affiliates to which the equity method is applied: 2

(c) Number of non-consolidated subsidiaries to which the equity method is not applied: 0

(d) Number of affiliates to which the equity method is not applied: 0

(e) The accounting dates of the equity method-applied companies differ from the consolidated accounting date, and the financial statements of the individual companies for the most recent fiscal year are used.

3 Matters concerning the fiscal years of consolidated subsidiaries, etc.

Of the consolidated subsidiaries, A&C Service Corporation, ANEST IWATA MOTHERSON Pvt. Ltd., and ANEST IWATA MOTHERSON COATING EQUIPMENT Pvt. Ltd. have the same accounting date as the consolidated accounting date. For other consolidated subsidiaries, the accounting date is December 31. In preparing consolidated financial statements, the financial statements of the individual consolidated subsidiaries as of their accounting dates are used, and any important transactions made between the accounting dates and consolidated accounting date undergo the necessary adjustments for consolidation.

4 Matters concerning the accounting policy

(a) Valuation criteria and valuation methods for important assets

(i) Securities

Bonds held to maturity

Amortized cost method (straight-line method)

Other securities

Securities other than shares, etc. without a market price

Market value method based mainly on the market price, etc. on the accounting date

(Valuation differences are processed with the full net asset direct entry method and the cost of sales is calculated with the moving average method.)

Shares, etc. without a market price

Cost method mainly based on the moving average method

(ii) Derivatives

Market value method

(iii) Inventories

Cost method mainly based on the first-in first-out method

(Balance sheet values are calculated with the method of devaluing book values based on decreased profitability.)

(b) Depreciation method for important depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Mainly the declining-balance method is employed. For buildings acquired on and after April 1, 1998 by our Company (excluding building accessories), building accessories and structures acquired on and after April 1, 2016, and photovoltaic facilities, the straight-line method is employed. Main useful lives in years are as follows:

Buildings and structures: 15 to 50 years

Machinery, equipment and vehicles: 4 to 17 years

(ii) Intangible assets (excluding leased assets)

Mainly the straight-line method is employed.

(iii) Leased assets

Leased assets pertaining to finance lease transactions under which ownership is not transferred

We adopt a method whereby the difference between the total lease fee and the amount equivalent to the acquisition price is regarded as the amount equivalent to the interest, with the lease period as the useful life in years, and is distributed to each term with the interest method.

(c) Recording criteria for important allowances

(i) Allowance for doubtful accounts

To prepare for losses due to bad debts, estimated uncollectible amounts are recorded by considering a loan loss ratio for general accounts receivable and collectability for specific credits such as doubtful accounts receivable individually.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, the estimated payments at the end of the current consolidated fiscal year are recorded.

(iii) Provision for bonuses for directors (and other officers)

To prepare for the payment of directors' bonuses, the estimated payments at the end of the current consolidated fiscal year are recorded.

(iv) Provision for share awards for directors (and other officers)

To prepare for the granting of Company shares to our directors and corporate officers in accordance with the rules for granting shares, the estimated share-based remuneration obligations at the end of the current consolidated fiscal year are recorded.

(v) Provision for product warranties

To prepare for the payment of the costs for after-sales services of products sold, estimated costs according to past experience rates, etc. based on sales are recorded.

(d) Method of accounting related to retirement benefits

To prepare for the retirement benefits for employees, the retirement benefit obligations at the end of the current consolidated fiscal year, with pension fund amounts deducted from them, are recorded as the retirement benefit liability. If the pension fund amounts exceed the retirement benefit obligations, the obligations are recorded as the retirement benefit asset.

(i) Period attribution method for estimated retirement benefits

In calculating retirement benefit obligations, the method for attributing the estimated retirement benefits to the period up to the end of the current consolidated fiscal year is based on the benefit formula standard.

(ii) Method for recording actuarial differences and past service costs method for cost

Past service costs are recorded as costs with the straight-line method based on a certain number of years (10 years) within the average remaining years of service of employees when they are incurred.

For actuarial differences, the amounts prorated with the straight-line method based on a certain number of years (5 years) within the average remaining years of service of employees when they occur in each consolidated fiscal year are recorded as costs in and after the following consolidated fiscal year.

(iii) Adoption of the simplified method at small enterprises, etc.

At some consolidated subsidiaries, for the calculation of the retirement benefit liability and the retirement benefit expenses, a simplified method is applied in which the term-end necessary payment for voluntary retirement pertaining to retirement benefits is used as the retirement benefit obligations.

(e) Recording criteria for important revenue and cost

The main performance obligations and the ordinary time at which the revenue is recognized are as described below.

(i) Revenue recognition related to the sale of goods or products

Revenue related to goods or products is mainly derived from a sale resulting from wholesale or manufacture, etc., and we assume performance obligations to deliver goods or products under the sales contract concluded with the customer. For said performance obligations, we recognize the revenue at the time when control over the goods or products is transferred to the customer.

To domestic sales, however, the alternative treatment specified in Article 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" is applied, so that if the period from shipment until control over the goods and products is transferred to the customer is a normal period, the revenue can be recognized at the time of shipment.

Revenue related to the sale of goods and products is recognized by deducting an estimated amount of sales incentives and other amounts according to the transaction volume, transaction value, and collection status in the sale of goods and products from the considerations stipulated in the contract. Estimated amount is calculated based on the Terms of the Contract and the actual sales. These sales transactions are generally due and payable within a short period of time and do not include significant financial elements in the contracts.

(ii) Revenue recognition related to construction contracts, etc.

Revenue related to construction contracts, etc. is mainly derived from contract work including the design, assembly, and installation of facilities, and we assume performance obligations to construct facilities, etc. under the construction contract concluded with the customer. For any performance obligations to be fulfilled for a certain period of time under construction contracts, etc., we estimate the progress related to the fulfillment of the performance obligations and recognize the revenue based on said progress for a certain period of time.

For a construction contract for which the period from the transaction start date in the contract until the performance obligations are expected to be fully fulfilled is very short, we apply an alternative treatment, so that we will recognize the revenue at the time when the performance obligations are fully fulfilled, rather than recognizing the revenue for a certain period of time. Such transactions are generally due and payable within one year and do not include significant financial elements in the contracts.

(f) Basis for the translation of important foreign currency dominated assets and liabilities into Japanese currency

Monetary foreign currency dominated debts and credits are translated into Japanese currency at the spot exchange rate on

the consolidated accounting date, and translation differences are recorded as gains or losses. The assets and liabilities of overseas subsidiaries, etc. are translated into Japanese currency at the spot exchange rate on the accounting dates of the overseas subsidiaries, etc., the revenue and cost are translated into Japanese currency at the average rate in the period, and translation differences are included in foreign currency translation adjustment and non-controlling interests in net assets.

(g) Amortization method and amortization period of goodwill

We make judgment on an item-by-item basis and perform amortization with the straight-line method over 3 to 10 years.

(h) Range of the fund in the consolidated cash flow statement

Consists of cash on hand, deposits that can be drawn at any time, and short-term investments that are easily convertible and that will mature within three months from the acquisition date so that they have only insignificant risks about value fluctuations.

(Changes in presentation method)

(Related to consolidated profit and loss statement)

"Subsidies for employment adjustment", which were set down independently under "Non-operating income," in the previous consolidated fiscal year have been included in "Other" in the current consolidated fiscal year because their amounts now have less significance. To reflect this change in presentation method, we revised the consolidated financial statements for the previous consolidated fiscal year.

As a result, 11,679 thousand yen as "Subsidies for employment adjustment" and 162,946 thousand yen as "Other" presented under "Non-operating income" are revised to 174,625 thousand yen as "Other."

(Additional information)

(Performance-based stock compensation plan for directors and executive officers)

In accordance with a resolution at the 73rd ordinary general shareholders' meeting, held on June 25, 2019, we have introduced a performance-based stock compensation plan, "Board Benefit Trust (BBT)" (referred to as "this plan" in the remainder of this document), targeted at our directors (excluding audit and supervisory committee members and independent directors) and corporate officers who do not concurrently serve as directors (referred to collectively as "directors and others"), for the purposes of improving mid- to long-term results of operations, increasing our corporate value, and promoting management awareness that puts shareholders first.

(1) Overview of this plan

This plan is a performance-based stock compensation plan whereby the trust established by us (the trust established in accordance with this plan is referred to as "this trust" in the remainder of this document) acquires Company shares by using the money contributed by us as a fund and through this trust, Company shares and money equivalent to the amount of money resulting from translating Company shares at market value (referred to collectively as "Company shares, etc." in the remainder of this document) to directors and others according to the rules for granting shares. The time at which directors and others can be granted Company shares, etc. is, in principle, the time at which the directors and others retire.

(2) Company shares that remain in the trust

Company shares that remain in the trust are recorded as treasury shares in Net assets at the book value (excluding the incidental costs) in the trust. At the end of the previous consolidated fiscal year, the book value of the treasury shares is 179,733 thousand yen, and the number of shares is 180 thousand. At the end of the current consolidated fiscal year, the book value of the treasury shares is 173,942 thousand yen, and the number of shares is 174 thousand.

(Establishment of retirement benefit trust)

In the current consolidated fiscal year, the Company established a retirement benefit trust and contributed 1,000,000 thousand yen to prepare for future retirement benefits. As a result, cash and deposits and retirement benefit liability decreased by the same amount.

(Related to consolidated balance sheet)

*1 Pledged assets and secured debts

Assets offered as collateral and secured debts are as below.

	As of March 31, 2022	As of March 31, 2023
Cash and deposits	347,835 thousand yen	387,172 thousand yen
Land and buildings	1,417,230 thousand yen	1,369,706 thousand yen
Total	1,765,065 thousand yen	1,756,878 thousand yen
Notes and accounts payable-trade	848,820 thousand yen	893,470 thousand yen
Short-term borrowings	577,920 thousand yen	608,320 thousand yen
Long-term borrowings	229,350 thousand yen	216,500 thousand yen
Total	1,656,090 thousand yen	1,718,290 thousand yen

*2 Shares of affiliates in investment securities

	As of March 31, 2022	As of March 31, 2023
	2,151,032 thousand yen	2,772,636 thousand yen

*3 Overdraft agreement and commitment line agreement

The Company and certain of its consolidated subsidiaries have entered into overdraft agreement and commitment line agreement with their correspondent banks in order to raise working capital efficiently. The balance of unexecuted loans based on these agreements as of the end of the current consolidated accounting period is as follows.

	As of March 31, 2022	As of March 31, 2023
Overdraft limit and commitment line agreement amount	15,446,234 thousand yen	15,540,488 thousand yen
Balance of executed loans	377,609 thousand yen	375,117 thousand yen
Balance of unexecuted loans	15,068,625 thousand yen	15,165,370 thousand yen

*4 Notes receivable endorsed

	As of March 31, 2022	As of March 31, 2023
Notes receivable endorsed	1,184,883 thousand yen	1,168,763 thousand yen

(Related to consolidated profit and loss statement)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
*1 Amount of devaluation of book values based on decreased profitability of inventories included in cost of sales	4,116 thousand yen	(37,066) thousand yen
2 Research and development expenses included in general and administrative expenses	499,693 thousand yen	810,078 thousand yen
*3 Gain on sale of non-current assets		
Fiscal year ended March 31, 2022		
Mainly due to the sales of machinery and equipment, as well as vehicles, etc..		
Fiscal year ended March 31, 2023		
Mainly due to the sales of machinery and equipment, as well as vehicles, etc.		
*4 Gain on liquidation of subsidiaries		
Due to the liquidation of the consolidated subsidiary ANEST IWATA (DONGGUAN) Corporation.		
*5 Loss on sale of non-current assets		
Fiscal year ended March 31, 2022		
Mainly due to the sales of machinery and equipment, as well as vehicles, etc..		
Fiscal year ended March 31, 2023		
Mainly due to the sales of tools, furniture and fixtures, etc..		
*6 Loss on retirement of non-current assets		
Fiscal year ended March 31, 2022		
Mainly due to the retirement of machinery and equipment, etc..		
Fiscal year ended March 31, 2023		
Mainly due to the retirement of buildings, etc.		

(Related to consolidated statement of comprehensive income)

* Recycling and amount of tax effect relating to other comprehensive income

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Valuation difference on available-for-sale securities		
Amount incurred in current period	(39,815) thousand yen	214,416 thousand yen
Recycling	(11,951) thousand yen	— thousand yen
Before tax effect adjustment	(51,766) thousand yen	214,416 thousand yen
Amount of tax effect	15,789 thousand yen	(65,397) thousand yen
Valuation difference on available-for-sale securities	(35,977) thousand yen	149,019 thousand yen
Foreign currency translation adjustment		
Amount incurred in current period	1,511,028 thousand yen	1,372,873 thousand yen
Recycling	— thousand yen	(56,510) thousand yen
Foreign currency translation adjustment	1,511,028 thousand yen	1,316,363 thousand yen
Remeasurements of defined benefit plans, net of tax		
Amount incurred in current period	23,329 thousand yen	5,697 thousand yen
Recycling	98,899 thousand yen	14,622 thousand yen
Before tax effect adjustment	122,228 thousand yen	20,320 thousand yen
Amount of tax effect	(37,279) thousand yen	(6,197) thousand yen
Remeasurements of defined benefit plans, net of tax	84,949 thousand yen	14,122 thousand yen
Share of other comprehensive income of entities accounted for using equity method		
Amount incurred in current period	191,976 thousand yen	315,173 thousand yen
Share of other comprehensive income of entities accounted for using equity method	191,976 thousand yen	315,173 thousand yen
Total other comprehensive income	1,751,977 thousand yen	1,794,679 thousand yen

(Related to consolidated statement of changes in shareholders' equity)

Fiscal year ended March 31, 2022

1 Matters concerning issued shares

Class of shares	Beginning of the fiscal year ended March 31, 2022	Increase	Decrease	End of the fiscal year ended March 31, 2022
Common shares (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of the fiscal year ended March 31, 2022	Increase	Decrease	End of the fiscal year ended March 31, 2022
Common shares (shares)	667,323	421,769	—	1,089,092

(Overview of the cause of changes)

The breakdown of the increase is as below.

Increase due to the purchase of treasury shares based on the resolution of the Board of Directors	421,700 shares
Increase due to the purchase of fractional shares	69 shares

3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
June 25, 2021 Ordinary general shareholders' meeting	Common shares	495,098	12.0	March 31, 2021	June 28, 2021
November 10, 2021 Board of Directors meeting	Common shares	536,355	13.0	September 30, 2021	December 6, 2021

(Notes) 1. The total amount of dividends determined by the resolution of the ordinary general shareholders' meeting held on June 25, 2021 includes dividends of 2,160 thousand yen for the Company's shares held by the "Board Benefit Trust (BBT)."

2. The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 10, 2021 includes dividends of 2,340 thousand yen for the Company's shares held by the "Board Benefit Trust (BBT)."

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective dates are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2022 Ordinary general shareholders' meeting	Common shares	Retained earnings	694,219	17.0	March 31, 2022	June 27, 2022

(Note) The total amount of dividends includes the dividend of 3,060 thousand yen for the Company shares owned by the "Board Benefit Trust (BBT)".

Fiscal year ended March 31, 2023

1 Matters concerning issued shares

Class of shares	Beginning of the fiscal year ended March 31, 2023	Increase	Decrease	End of the fiscal year ended March 31, 2023
Common shares (shares)	41,745,505	—	—	41,745,505

2 Matters concerning treasury shares

Class of shares	Beginning of the fiscal year ended March 31, 2023	Increase	Decrease	End of the fiscal year ended March 31, 2023
Common shares (shares)	1,089,092	195,280	5,800	1,278,572

(Overview of the cause of changes)

The breakdown of the increase is as below.

Increase due to the purchase of treasury shares based on the resolution of the Board of Directors	195,200 shares
Increase due to the purchase of fractional shares	80 shares

The breakdown of the decrease is as below.

Decrease due to issuance of shares through Board Benefit Trust (BBT)	5,800 shares
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3 Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2022 Ordinary general shareholders' meeting	Common shares	694,219	17.0	March 31, 2022	June 27, 2022
November 9, 2022 Board of Directors meeting	Common shares	650,259	16.0	September 30, 2022	December 6, 2022

(Notes) 1. The total amount of dividends determined by the resolution of the ordinary general shareholders' meeting held on June 24, 2022 includes dividends of 3,060 thousand yen for the Company's shares held by the "Board Benefit Trust (BBT)."

2. The total amount of dividends determined by the resolution of the Board of Directors meeting held on November 9, 2022 includes dividends of 2,880 thousand yen for the Company's shares held by the "Board Benefit Trust (BBT)."

(2) Of the dividends whose record dates are contained in the current consolidated fiscal year, those whose effective dates are in the following consolidated fiscal year

Resolution	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per share (yen)	Record date	Effective date
June 23, 2023 Ordinary general shareholders' meeting	Common shares	Retained earnings	894,104	22.0	March 31, 2023	June 26, 2023

(Note) The total amount of dividends includes the dividend of 3,832 thousand yen for the Company shares owned by the "Board Benefit Trust (BBT)."

(Related to consolidated cash flow statement)

* Relations between the cash and cash equivalents at end of period and the amounts contained account titles in the consolidated balance sheet

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash and deposits	14,319,597 thousand yen	14,512,347 thousand yen
Time deposit exceeding 3 months in deposit term	(1,163,279) thousand yen	(2,139,234) thousand yen
Derivative deposit	(239,475) thousand yen	(292,122) thousand yen
Cash and cash equivalents	12,916,842 thousand yen	12,080,990 thousand yen

(Segment information, etc.)

(Segment information)

1 Overview of report segments

(1) Overview of report segments

The report segments of our Group are those of the constituent units for which separate financial information is obtainable and for which the Board of Directors is to periodically consider to decide on the allocation of management resources and evaluate business performance.

(2) Product and service types belonging to each report segment

Our Group manufactures and sells air compressors, vacuum equipment, coating equipment, and coating systems exclusively. Japan is in the charge of our Company and the domestic consolidated subsidiaries. Overseas, Europe (mainly Italy, Germany, and France), the Americas (USA, Brazil and Mexico), China and other areas (mainly India, Taiwan, and South Korea) are in the charge of their respective local corporations. The local corporations are management units independent of one another. They create comprehensive strategies for the products they handle in their areas, and carry out business activities.

Thus, our Group consists of segments according to location, based on the production and sale system, and regards the five areas, "Japan", "Europe", "Americas", "China", and "Other" as report segments.

2 Method of calculating the amounts of the sales, income, assets, and other items for each report segment
In general, the accounting method for the reported business segments is the same as that used for preparing consolidated financial statements.

3 Information about the amounts of sales, income, assets, and other items for each report segment and information about the disaggregation of revenue

Fiscal year ended March 31, 2022

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (note)	
Sales						
Revenue from contracts with customers	16,313,829	5,705,898	4,970,691	9,299,406	6,047,185	42,337,011
Sales to external customers	16,313,829	5,705,898	4,970,691	9,299,406	6,047,185	42,337,011
Internal sales or transfers between segments	6,654,061	330,261	414,825	572,963	1,750,299	9,722,411
Total	22,967,890	6,036,160	5,385,517	9,872,369	7,797,485	52,059,422
Segment income	3,304,185	461,037	583,853	534,399	1,092,460	5,975,936
Segment assets	27,651,258	5,360,623	3,939,499	10,716,352	5,976,026	53,643,760
Other items						
Depreciation	855,593	140,168	44,025	290,091	164,783	1,494,662
Amortization of goodwill	121,475	82,876	50,325	—	—	254,676
Impairment losses	—	—	—	—	—	—
Increase in property, plant and equipment, and intangible assets	1,167,919	163,319	50,312	48,732	138,698	1,568,981

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

Fiscal year ended March 31, 2023

(Amount: thousand yen)

	Report segment					Total
	Japan	Europe	Americas	China	Other (note)	
Sales						
Revenue from contracts with customers	17,473,853	7,233,124	5,863,576	10,336,171	7,608,429	48,515,155
Sales to external customers	17,473,853	7,233,124	5,863,576	10,336,171	7,608,429	48,515,155
Internal sales or transfers between segments	7,680,910	272,157	393,884	828,394	1,798,550	10,973,896
Total	25,154,764	7,505,281	6,257,460	11,164,566	9,406,979	59,489,051
Segment income	3,519,925	504,347	640,792	815,180	1,467,509	6,947,754
Segment assets	27,753,040	5,794,920	5,167,862	11,047,809	6,698,340	56,461,972
Other items						
Depreciation	1,068,712	168,137	58,371	287,470	188,025	1,770,717
Amortization of goodwill	138,123	88,076	60,238	—	—	286,438
Increase in property, plant and equipment, and intangible assets	1,376,252	337,373	631,464	84,349	127,590	2,557,031

(Note) The "Other" category addresses the business activities of local subsidiaries in Taiwan, India, Thailand, South Korea, Vietnam, Indonesia, Australia and South Africa.

4 Difference between the total amounts of the report segments and the amounts reported in the consolidated financial statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Sales	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Report segment total	52,059,422	59,489,051
Inter-segment transactions erased	(9,722,411)	(10,973,896)
Sales in the consolidated financial statements	42,337,011	48,515,155

(Amount: thousand yen)

Income	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Report segment total	5,975,936	6,947,754
Company-wide expenses (Note)	(984,328)	(988,157)
Inter-segment transactions erased	(211,397)	(121,402)
Operating profit in the consolidated financial statements	4,780,210	5,838,194

(Note) Company-wide expenses are mainly selling, general and administrative expenses that cannot be attributed to the report segments.

(Amount: thousand yen)

Assets	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Report segment total	53,643,760	56,461,972
Company-wide assets (Note)	6,206,578	8,005,211
Inter-segment transactions erased	(4,031,801)	(4,330,673)
Total assets in the consolidated financial statements	55,818,537	60,136,510

(Note) Company-wide assets are mainly the surplus funds and long-term investment funds that cannot be attributed to the report segments.

(Amount: thousand yen)

Other items	Report segment total		Adjustment		Amount reported in consolidated financial statements	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Depreciation	1,494,662	1,770,717	15,419	18,769	1,510,082	1,789,487
Amortization of goodwill	254,676	286,438	—	—	254,676	286,438
Increase in property, plant and equipment, and intangible assets	1,568,981	2,557,031	—	—	1,568,981	2,557,031

5 Matters related to changes, etc. to report segments

From the current consolidated fiscal year, the Group has changed the previous report segments of "Japan," "Europe" and "Asia" to 5 report segments namely, "Japan," "Europe," "Americas," "China" and "Other." With the formulation of the mid-term business plan "500 & Beyond" starting from the current consolidated fiscal year, we reviewed the area management classification and changed the classification of report segments for the purpose of aligning with the management strategy in the plan.

As a result, the business activities of local subsidiaries that were classified as "Asia" have been changed to "China" and "Other." In addition, regarding the business activities of local subsidiaries that were classified as business segments not included in the report segments, the classification was changed to "Europe" for Russia, "Americas" for the United States, Brazil and Mexico, and "Other" for Australia and South Africa.

The segment information for the previous consolidated fiscal year is created by the changed classification.

(Information about items per share)

(Amount: yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	876.20	989.09
Basic earnings per share	86.32	108.25

(Notes) 1. The amount of diluted earnings per share is not included because there are no dilutive shares such as bonds with subscription rights to shares.

2. The Company shares that remain in the "Board Benefit Trust (BBT)," posted as treasury shares in shareholder's equity are included in the number of treasury shares to be deducted (previous consolidated fiscal year: 180 thousand, current consolidated fiscal year: 174 thousand) from the number of shares issued at the end of each fiscal year to calculate the net assets per share and are included in the treasury shares to be deducted (previous consolidated fiscal year: 180 thousand, current consolidated fiscal year: 174 thousand) in the calculation of the average number of shares outstanding in the period to calculate the basic earnings per share.

3. The basis for calculating the basic earnings per share is as below.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent (thousand yen)	3,541,395	4,381,835
Amount not attributable to common shareholders (thousand yen)	—	
Profit attributable to owners of parent related to common shares (thousand yen)	3,541,395	4,381,835
Average number of common shares outstanding in the period (No. of shares)	41,028,335	40,479,053

(Important subsequent events)

There are no relevant matters.

6. Non-consolidated financial statements and main notes

(1) Balance sheet

(Amount: thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,405,856	7,267,775
Notes and accounts receivable-trade	5,763,628	5,862,005
Merchandise and finished goods	2,414,207	1,624,476
Work in process	193,196	735,304
Raw materials and supplies	1,041,188	1,229,584
Other	1,062,997	1,242,315
Total current assets	17,881,074	17,961,460
Non-current assets		
Property, plant and equipment		
Buildings	2,977,247	3,005,049
Structures	137,984	173,455
Machinery and equipment	1,036,344	1,024,039
Vehicles	8,410	6,615
Tools, furniture and fixtures	280,816	365,905
Land	1,268,453	1,268,453
Leased assets	1,063,554	1,263,753
Construction in progress	148,459	34,109
Total property, plant and equipment	6,921,271	7,141,382
Intangible assets		
Leasehold interests in land	790	790
Software	576,274	772,836
Other	149,989	21,374
Total intangible assets	727,054	795,000
Investments and other assets		
Investment securities	2,376,337	2,689,479
Shares of subsidiaries and associates	3,202,098	3,202,098
Investments in capital	19,912	19,912
Investments in capital of subsidiaries and associates	4,291,545	4,142,224
Long-term loans receivable from subsidiaries and associates	806,425	1,270,510
Long-term prepaid expenses	3,186	16,170
Prepaid pension costs	781,999	807,983
Deferred tax assets	757,181	695,902
Other	85,171	75,100
Allowance for doubtful accounts	(10,725)	(10,725)
Total investments and other assets	12,313,131	12,908,656
Total non-current assets	19,961,457	20,845,038
Total assets	37,842,531	38,806,499

(Amount: thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable-trade	1,837,066	2,021,946
Lease liabilities	238,869	265,560
Accounts payable-other	1,391,438	1,346,905
Income taxes payable	606,336	482,899
Deposits received	24,600	25,772
Provision for bonuses	577,118	617,684
Provision for bonuses for directors (and other officers)	80,299	83,570
Provision for product warranties	233,259	151,634
Other	447,661	136,686
Total current liabilities	5,436,648	5,132,662
Non-current liabilities		
Lease liabilities	923,075	1,108,646
Provision for retirement benefits	2,136,547	1,166,441
Provision for share awards for directors (and other officers)	136,788	181,618
Other	18,588	18,588
Total non-current liabilities	3,214,999	2,475,295
Total liabilities	8,651,648	7,607,957
Net assets		
Shareholders' equity		
Share capital	3,354,353	3,354,353
Capital surplus		
Legal capital surplus	1,380,380	1,380,380
Total capital surplus	1,380,380	1,380,380
Retained earnings		
Legal retained earnings	838,588	838,588
Other retained earnings		
Reserve for acquisition of specific stocks purchase	—	75,000
General reserve	9,700,000	9,700,000
Retained earnings brought forward	14,565,363	16,502,610
Total retained earnings	25,103,952	27,116,198
Treasury shares	(1,025,936)	(1,179,543)
Total shareholders' equity	28,812,749	30,671,388
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	378,134	527,154
Total valuation and translation adjustments	378,134	527,154
Total net assets	29,190,883	31,198,542
Total liabilities and net assets	37,842,531	38,806,499

(2) Profit and loss statement

(Amount: thousand yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	22,806,793	24,770,370
Cost of sales	13,932,540	15,338,249
Gross profit	8,874,252	9,432,120
Selling, general and administrative expenses	6,450,746	6,790,257
Operating profit	2,423,505	2,641,863
Non-operating income		
Interest income	6,651	44,581
Dividend income	833,262	1,237,647
Foreign exchange gains	228,597	243,825
Other	211,953	160,822
Total non-operating income	1,280,464	1,686,876
Non-operating expenses		
Interest expenses	19,608	22,951
Other	17,429	17,067
Total non-operating expenses	37,038	40,019
Ordinary profit	3,666,932	4,288,720
Extraordinary income		
Gain on sale of non-current assets	599	—
Gain on sale of investment securities	11,950	—
Gain on liquidation of subsidiaries	—	49,892
Total extraordinary income	12,550	49,892
Extraordinary losses		
Loss on retirement of non-current assets	10,263	13,907
Loss on valuation of investments in capital	34,427	—
Loss on sale of shares of subsidiaries	12,583	—
Total extraordinary losses	57,274	13,907
Profit before income taxes	3,622,208	4,324,706
Income taxes - current	980,010	972,100
Income taxes - deferred	(109,100)	(4,118)
Total income taxes	870,910	967,981
Profit	2,751,298	3,356,724

(3) Statement of changes in shareholders' equity

Fiscal year ended March 31, 2022

(Amount: thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Reserve for acquisition of specified shares	General reserve	Retained earnings brought forward	
Balance at beginning of period	3,354,353	1,380,380	1,380,380	838,588	—	9,700,000	12,849,925	23,388,513
Cumulative effects of changes in accounting policies							(4,405)	(4,405)
Restated balance	3,354,353	1,380,380	1,380,380	838,588	—	9,700,000	12,845,519	23,384,108
Changes during period								
Dividends of surplus							(1,031,454)	(1,031,454)
Profit							2,751,298	2,751,298
Provision of reserve for specific stocks purchase								—
Purchase of treasury shares								
Disposal of treasury shares by stocks payment trust								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	—	1,719,844	1,719,844
Balance at end of period	3,354,353	1,380,380	1,380,380	838,588	—	9,700,000	14,565,363	25,103,952

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(685,266)	27,437,980	414,112	414,112	27,852,092
Cumulative effects of changes in accounting policies		(4,405)			(4,405)
Restated balance	(685,266)	27,433,574	414,112	414,112	27,847,687
Changes during period					
Dividends of surplus		(1,031,454)			(1,031,454)
Profit		2,751,298			2,751,298
Provision of reserve for specific stocks purchase		—			—
Purchase of treasury shares	(340,669)	(340,669)			(340,669)
Disposal of treasury shares by stocks payment trust					
Net changes in items other than shareholders' equity			(35,977)	(35,977)	(35,977)
Total changes during period	(340,669)	1,379,174	(35,977)	(35,977)	1,343,196
Balance at end of period	(1,025,936)	28,812,749	378,134	378,134	29,190,883

Fiscal year ended March 31, 2023

(Amount: thousand yen)

	Shareholders' equity							
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
				Reserve for acquisition of specified shares	General reserve	Retained earnings brought forward		
Balance at beginning of period	3,354,353	1,380,380	1,380,380	838,588	—	9,700,000	14,565,363	25,103,952
Cumulative effects of changes in accounting policies								
Restated balance	3,354,353	1,380,380	1,380,380	838,588	—	9,700,000	14,565,363	25,103,952
Changes during period								
Dividends of surplus							(1,344,478)	(1,344,478)
Profit							3,356,724	3,356,724
Provision of reserve for specific stocks purchase					75,000		(75,000)	—
Purchase of treasury shares								
Disposal of treasury shares by stocks payment trust								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	75,000	—	1,937,246	2,012,246
Balance at end of period	3,354,353	1,380,380	1,380,380	838,588	75,000	9,700,000	16,502,610	27,116,198

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,025,936)	28,812,749	378,134	378,134	29,190,883
Cumulative effects of changes in accounting policies					—
Restated balance	(1,025,936)	28,812,749	378,134	378,134	29,190,883
Changes during period					
Dividends of surplus		(1,344,478)			(1,344,478)
Profit		3,351,491			3,356,724
Provision of reserve for specific stocks purchase		—			—
Purchase of treasury shares	(159,398)	(159,398)			(159,398)
Disposal of treasury shares by stocks payment trust	5,791	5,791			5,791
Net changes in items other than shareholders' equity			149,019	149,019	149,019
Total changes during period	(153,607)	1,858,639	149,019	149,019	2,007,658
Balance at end of period	(1,179,543)	30,671,388	527,154	527,154	31,198,542